



HONG KONG MONETARY AUTHORITY

香港金融管理局

Tel : 2878 8060
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15 January 2013

The Chief Executive
All Authorized Institutions

Dear Sir/Madam,

Renminbi (RMB) Liquidity Facility

The HKMA announces today a shortening of the notice period for tapping the RMB liquidity facility to one business day.

In order to further support the development of the offshore RMB market and facilitate banks' management of short-term RMB liquidity needs, the HKMA has decided to shorten the notice period required for Authorized Institutions participating in RMB business (Participating AIs) to request for RMB funds under the facility from two business days to one business day. With effect from 16 January 2013, Participating AIs may approach the HKMA before 12:00 noon on any business day to request for RMB funds and the funds will be available the next day subject to receipt of the eligible collaterals by the HKMA. For ease of reference, the revised terms and conditions, in full, for the facility are attached at the Annex.

Participating AIs are welcomed to use the RMB liquidity facility to manage their short-term liquidity needs but the facility should not be regarded as a constant source of funding. The HKMA will continue to keep the terms and conditions of the facility under constant review in light of the experience in operating the facility.

Yours faithfully,

(Edmond Lau)
Executive Director (Monetary Management)

Terms and Conditions of the RMB Liquidity Facility

(i) Tenor	One week
(ii) Interest rate	By reference to prevailing market interest rates
(iii) Eligible collateral	<ul style="list-style-type: none">• Exchange Fund Bills and Notes• HKSAR Government bonds• RMB denominated bonds issued in Hong Kong by the Ministry of Finance of the People's Republic of China
(iv) Haircut on eligible collateral	<ul style="list-style-type: none">• 5% for securities with remaining maturity at 1 year or below• 10% for securities with remaining maturity at 5 years or below but over 1 year• 20% for securities with remaining maturity over 5 years
(v) Banks eligible	RMB Business Participating AIs
(vi) Contact details	Participating AIs interested to borrow RMB funds should contact the dealing room of the HKMA at 2878 8104 or Reuters dealing code EFHK before 12:00 noon on each business day
(vii) Settlement	RMB funds will be credited to the Participating AI's RMB RTGS account held with the Clearing Bank on T+1 basis subject to the receipt of the securities by the HKMA